

# [Advertising in indian economy assignment](https://assignbuster.com/advertising-in-indian-economy-assignment/)

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INTRODUCTION Advertising is attempting to influence the buying behavior of the customers or clients by providing a persuasive selling message about your products and/or services. Advertising is bringing a product (or service) to the attention of potential and current customers. Advertising is focused on one particular product or service. Thus, an advertising plan for one product might be very different than that for another product. Advertising is typically done with signs, brochures, commercials, direct mailings or e-mail messages, personal contact, etc.

Promotion keeps the product in the minds of the customer and helps stimulate demand for the product. Promotion involves ongoing advertising and publicity (mention in the press). The ongoing activities of advertising, sales and public relations are often considered aspects of promotions. One of the purposes of advertising is to stimulate demand for a product, service, or idea. Other factors influencing demand are price and substitutability. A major way advertising may stimulate demand is to create a brand franchise for a product.

When enough brand equity is created that the brand has the ability to draw buyers (even without further advertising), it is said to have brand franchise. The ultimate brand franchise is when the brand is so prevalent in people’s mind (called mind share), that it is used to describe the whole category of products A brand franchise can be established to a greater or lesser degree depending on product and market. With the dawn of the internet has come many new advertising opportunities. Popup ads, Flash ads, Banner ads, and email ads (often a form of SPAM) abound.

What the advertising community is just recently beginning to do is making the ads themselves desirable to the public. Advertising strategy has taken a quantum leap beyond just salesmanship of a product in print. It is like a kaleidoscope. Ever time you turn it you get a different perspective alluring, diverse and genuine. The knack of persuasion in advertising is unleashed but advertising has always been adept to changes with time. It is largely reliant on human inferential abilities.

Hence the main goal is not just to inform or persuade but also to establish interactive personal solidarity relationship with the consumers as consumers have been seeing visible and tangible improvement in their lives each passing year. Over a period of time, advertising is undergoing morphing changes slowing and steadily with multi facet approach. ADVERTISING IN INDIA The Indian marketing & advertising sector have shown a tremendous growth since the early 90’s with several progressive plans implemented by the Indian government. The government then decided to open the Indian market for foreign investors and allowed foreign equity.

That paved the way for the opening the floodgates of the boom in these sectors which is still shining high. Many of the Indian Advertising companies are earning their deserved name and fame by being conferred with the honor of market-leaders and several others are on an emulating spree to achieve the feat of their peers. The current growth of 18-20 per cent in ADVERTISING is among one of the highest among various industries in India. Nowadays famed global agencies are getting attracted towards the growing Indian market and the Indian economy is slowly but steadily opening its doors to World market capitalism.

The 10000-crore ADVERTISING industry accounts for about 33 percent of the total industry profits in the Asia-Pacific belt. INDIAN ECONOMY India economy, the third largest economy in the world, in terms of purchasing power, is going to touch new heights in coming years. As predicted by Goldman Sachs, the Global Investment Bank, by 2035 India would be the third largest economy of the world just after US and China. It will grow to 60% of size of the US economy. This booming economy of today has to pass through many phases before it can achieve the current milestone of 9% GDP.

After India got independence from this colonial rule in 1947, the process of rebuilding the economy started. For this various policies and schemes were formulated. First five year plan for the development of Indian economy came into implementation in 1952. These Five Year Plans, started by Indian government, focused on the needs of Indian economy. If on one hand agriculture received the immediate attention on the other side industrial sector was developed at a fast pace to provide employment opportunities to the growing population and to keep pace with the developments in the world.

Since then Indian economy has come a long way. The Gross Domestic Product (GDP) at factor cost, which was 2. 3 % in 1951-52 reached 9% in financial year 2005-06 Trade liberalization, financial liberalization, tax reforms and opening up to foreign investments were some of the important steps, which helped Indian economy to gain momentum. The Economic Liberalization introduced by Man Mohan Singh in 1991, then Finance Minister in the government of P V Narsimha Rao, proved to be the stepping-stone for Indian economic reform movements.

To maintain its current status and to achieve the target GDP of 10% for financial year 2006-07, Indian economy has to overcome many challenges. According to the estimates by the Ministry of Statistics and Programme Implementation, the Indian economy has registered a growth of 7. 4 per cent in 2009-10, with 8. 6 per cent year-on-year (y-o-y) growth in its fourth quarter. The growth is driven by robust performance of the manufacturing sector on the back of government and consumer spending. GDP growth rate of 7. 4 per cent in 2009-10 has exceeded the government forecast of 7. 2 per cent for the full year.

According to government data, the manufacturing sector witnessed a growth of 16. 3 per cent in January-March 2010, from a year earlier. ADVERTISING AND THE INDIAN ECONOMY Advertising and other marketing expenditures incurred by a firm are expected to create a stock of goodwill which may generate profits for the firm not only in the current period but also in future. It is considered as one of the most important weapons to face and deal with competition in the market place. Planning for advertising and other kinds of promotional programmes are amongst the main activities of any large corporation in modern society.

Large Indian companies allocate huge amounts of money for their advertising budgets. Expenditure are always incurred in anticipation of benefits. Thus advertising is justifiable only if the benefits derived out of the advertisements are more than the amount incurred in advertising expenditure. The Indian advertising industry is talking business today. It has evolved from being a small-scale business to a full-fledged industry. It has emerged as one of the major industries and tertiary sectors and has broadened its horizons be it the creative aspect, the capital employed or the number of personnel involved.

Indian advertising industry in very little time has carved a niche for itself and placed itself on the global map. Indian advertising industry with an estimated value of es13, 200-crore has made jaws drop and set eyeballs gazing with some astonishing pieces of work that it has given in the recent past. The creative minds that the Indian advertising industry incorporates have come up with some mind-boggling concepts and work that can be termed as masterpieces in the field of advertising. Advertising agencies in the country too have taken a leap.

They have come a long way from being small and medium sized industries to becoming well known brands in the business. Mudra, Ogilvy and Mathew (O&M), Mccann Ericsonn, Rediffussion, Leo Burnett are some of the top agencies of the country. Indian economy is on a boom and the market is on a continuous trail of expansion. With the market gaining grounds Indian advertising has every reason to celebrate. Businesses are looking up to advertising as a tool to cash in on lucrative business opportunities. Growth in business has lead to a consecutive boom in the advertising industry as well.

The Indian advertising today handles both national and international projects. This is primarily because of the reason that the industry offers a host of functions to its clients that include everything from start to finish that include client servicing, media planning, media buying, creative conceptualization, pre and post campaign analysis, market research, marketing, branding, and public relation services. GROSS DOMESTIC PRODUCT The gross domestic product (GDP) is a measure of a country’s overall economic output. It is the market value of all final goods and services made within the borders of a country in a year.

It is often positively correlated with the standard of living, though its use as a stand-in for measuring the standard of living has come under increasing criticism and many countries are actively exploring alternative measures to GDP for that purpose. The Indian economy is the 12th largest in USD exchange rate terms. India is the second fastest growing economy in the world. India’s GDP has touched US$1. 25 trillion. The crossing of Indian GDP over a trillion dollar mark in 2007 puts India in the elite group of 12 countries with trillion dollar economy. The tremendous growth rate has coincided with better macroeconomic stability.

India has made remarkable progress in information technology, high end services and knowledge process services. The Indian advertising industry is expected to grow by 13 per cent in 2010 to Rs 21, 145 crore, According to the PITCH-Madison Media Advertising Outlook 2010, after a tough 2009, the Indian advertising pie is expected to be worth about Rs 21, 145 crore this year, a 13 per cent increase over the previous one. The Indian media and advertising industry clocked a size of Rs 18, 670 crore in 2009 that saw a dramatic drop of 10 percentage points compared to 2008, where the industry was worth Rs 20, 717 crore.

The report said the print media was the worst hit in 2009. The medium lost a massive Rs 2, 000 crore of ad revenue and its share in the advertisement pie stood at Rs 7, 806 crore.. Television and radio, which grew marginally at two and three per cent respectively, contributed about Rs 9, 173 crore to the advertising pie. The current pace at which the Indian advertising industry is moving the industry is expected to witness a major boom in the times ahead. If the experts are to be believed then the industry in the coming times will form a major contribution to the GDP.

In 2009, the Indian ad industry had suffered a major setback, and had shrunk, primarily due to a drastic decrease in print advertising spending ??? which suffered a massive cut of Rs 2, 000 crores. The leading advertisement medium are newspapers and television, with an almost equal share totaling 75% of the total share of various mediums. Magazine advertising constitutes a very small share of 3%, while online and digital advertising spend is substantially less than 1% of the total ad industry turnover. However the digital and online advertisements is increasing at a fast rate of 25%.

In addition to print and television, the other popular advertisement and marketing media are radio, cable TV, direct mail and outdoor advertisements and publicity. The biggest ad spenders are FMCG companies such as Unilever, P&G, ITC and PepsiCo and automotive companies such as Maruti and Hero Honda. These companies have huge ad budgets running into hundreds of crores of rupees, and therefore, wield tremendous bargaining power over their ad agencies. The emerging advertisement and marketing media in India are mobile advertisements, internet, direct calling and FM radio.